

PSJ3

Exhibit 572

QRA Suspicious Order Monitoring Cardinal Health - Walgreens

April 2012



DEA Activities – Timeline

- OTSC hearing process; somewhat expedited
- Questions:
 - What did CAH know?
 - What should CAH have known?
 - When should CAH have known?
 - Did CAH do what was expected?
 - In the absence of regulations clearly articulating the standard
 - Is CAH's registration inconsistent with the public interest?
 - The primary barrier to CAH knowing is:



Suspicious Order Monitoring

- Program components:
 - Know Your Customer [KYC]
 - Electronic Order Monitoring
 - Education and Training
 - Communication
 - Auditing



Identification of Stores for Review

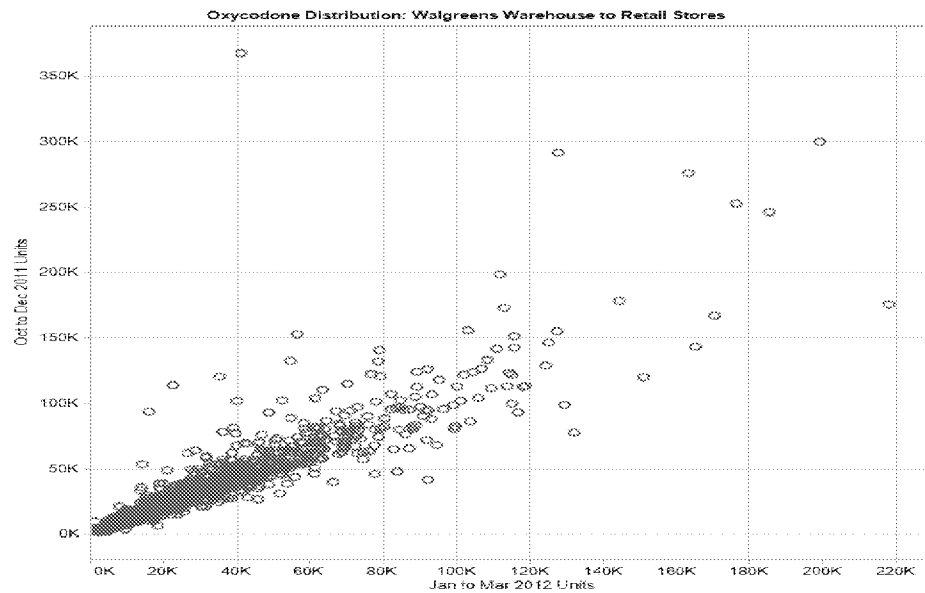
Cardinal Health's Suspicious Order Monitoring (SOM) program utilizes both prospective and retrospective mechanisms to identify stores that warrant additional review.

	Prospective Electronic Monitoring	Retrospective Advanced Analytics
Overview	All controlled substance orders, by DEA registrant and drug family, are monitored as they are submitted by each WAG store in a calendar month. When an order causes the accrual to exceed the store's corresponding threshold limit, the order line is held and routed to a member of Cardinal Health's Quality & Regulatory Affairs (QRA) department for review.	The application of analytics holistically assesses a store's buying pattern based on shipments made historically for both controlled substance and non-controlled substance products. This historical analysis of purchases utilizes advanced analytical techniques, including linear regression, logistic regression, and control charts.
Frequency	Real-time, as orders are submitted	On a quarterly basis
Type of Stores Identified	Stores that, in a statistically significant way, buy higher quantities of a drug family than other WAG stores. This type of monitoring is specific to a drug family and generally detects sudden increases, or spikes, in the purchase of a particular product (or set of products).	Stores that have buying patterns that vary, in a statistically significant way, from other WAG stores. Generally, these stores will purchase a higher % of controlled substance products, purchase higher quantities of a particular product or set of products, and/or have significant variation or spikes in their order pattern for controlled substance products.

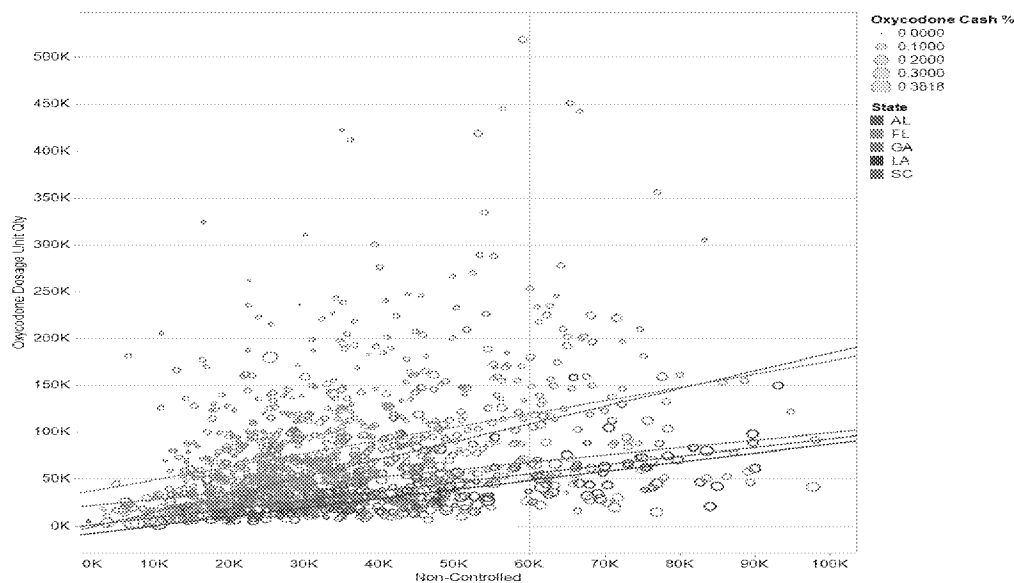
Stores identified for review exhibit controlled substance buying patterns that differ from other WAG stores in a statistically significant way. The underlying reasons for the variation may be legitimate; however, it is critical that we can demonstrate that we have completed the appropriate level of due diligence for these stores.



Stores to Review



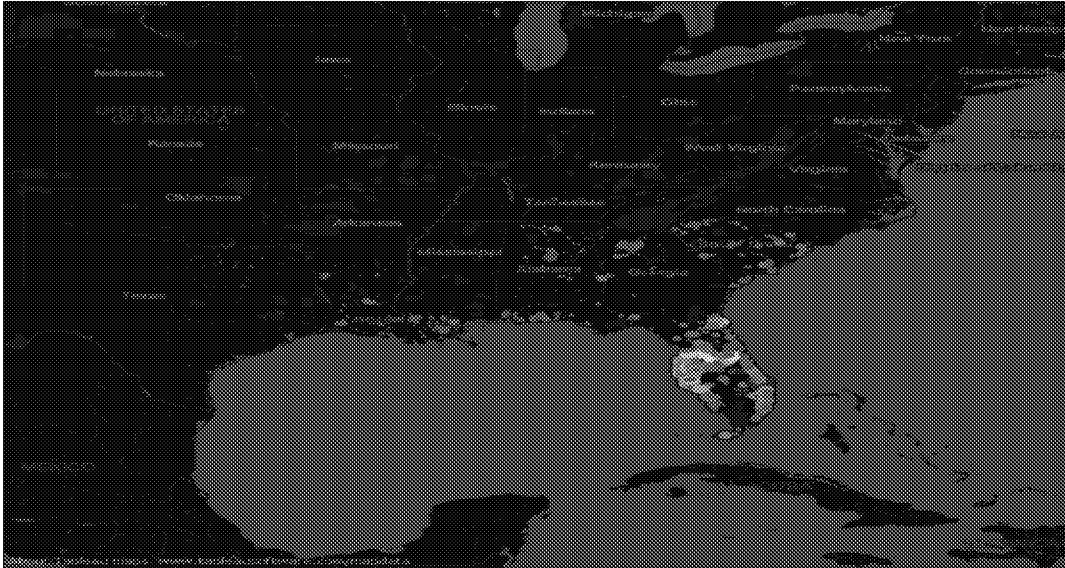
Stores to Review



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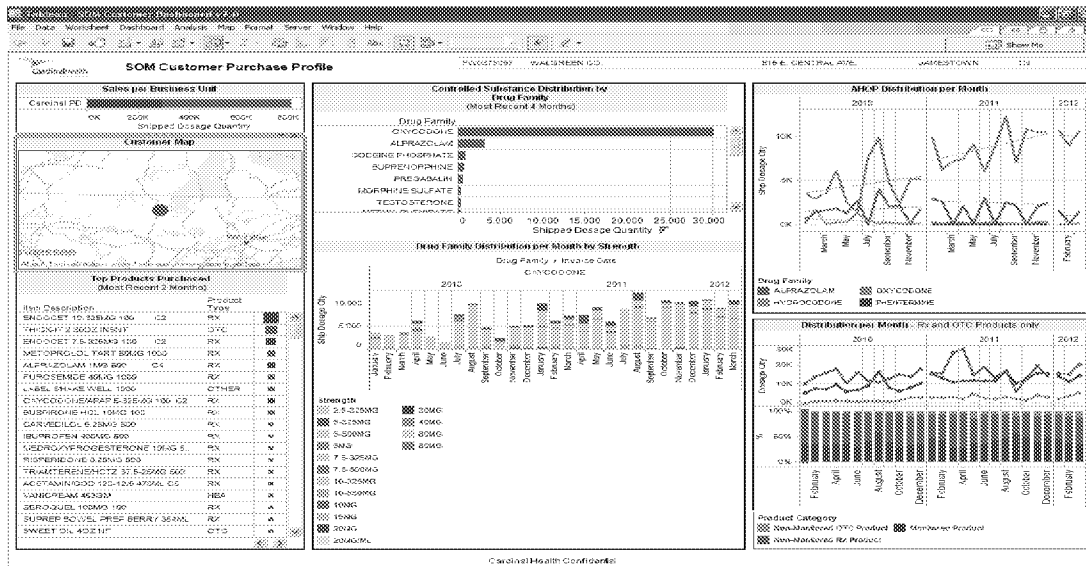
Oxycodone Distribution – Walgreens Warehouse to Retail Store



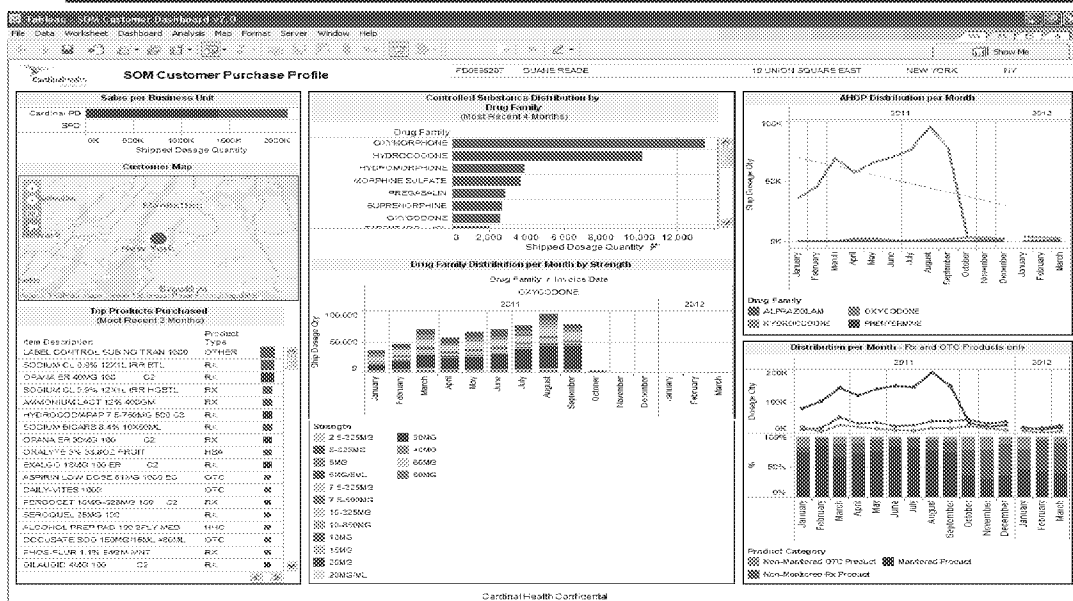
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Walgreens # 10959



Duane Reade #14407

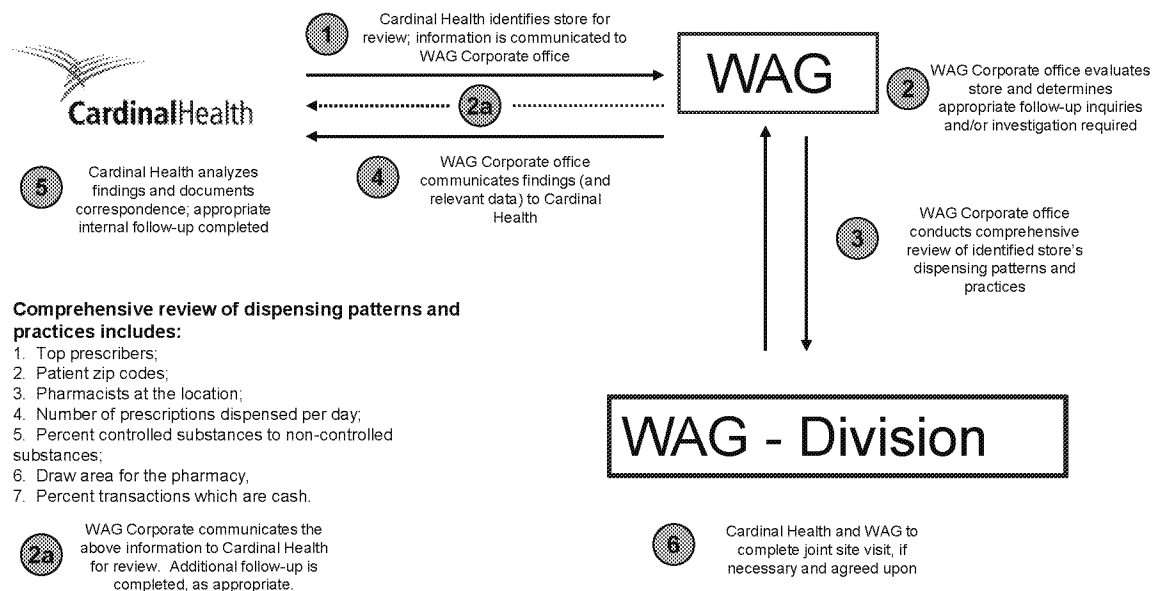


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Communication Process

Execution of this process is time sensitive and must provide meaningful information.



Questionnaire

- Initial Questionnaire to obtain baseline information about the pharmacy – top controlled substance volume dispensers – highest scrutiny
- Survey Questionnaire to obtain information to support changes in order patterns
- Site Survey Questionnaire to obtain information to support the statements made in the aforementioned and to eliminate the “if you had only visited you would have seen....”

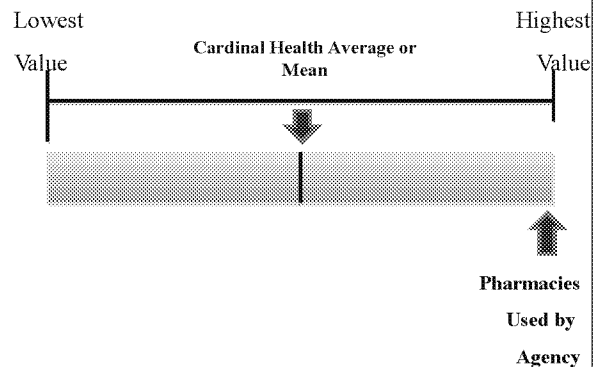


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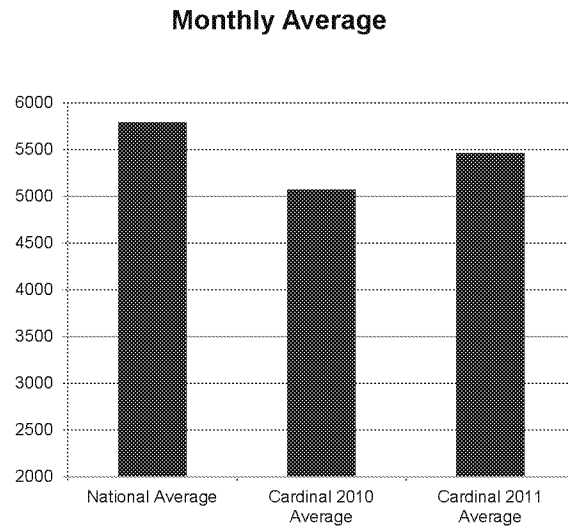
DEA Considerations

- In two Administrative Investigation Warrants (AIW) issued by DEA, the agency compares National and State pharmacy sales averages with the sales averages of our top 4 customers in each State.
- This comparison is not valid and not framed using the appropriate context since only the top **four** Cardinal customers were used in DEA's calculations to compare National and State averages.
- Also, the Agency did not take into consideration the variability and range of their own ARCOS data when making the comparison
- The purpose of this evaluation is to determine how Cardinal Health's distribution of Oxycodone compares with National and State averages when the same statistical parameters are used.



Comparison of Cardinal Health to National Industry Averages

- 2010 Analysis: Cardinal Health sold **12% less** Oxycodone dosage units per month/pharmacy when compared with DEA 2010 ARCOS Data for US Pharmacies
- 2011 Analysis: Cardinal Health sold **6% less** Oxycodone dosage units per month/pharmacy when compared with DEA 2010 ARCOS Data for US Pharmacies



Comparison of Cardinal Health to Florida State Industry Averages

- 2010 Analysis: Cardinal Health sold **49% less** Oxycodone dosage units per month/pharmacy when compared with DEA ARCOS 2010 Data for Florida Pharmacies
- 2011 Analysis: Cardinal Health sold **45% less** Oxycodone dosage units per month/pharmacy when compared with DEA ARCOS 2010 Data for Florida Pharmacies

